
2007 CORPORATE INCOME TAX HIGHLIGHTS

APPORTIONMENT FORMULA SELECTION - All multistate corporate taxpayers, except those engaged in air commerce, must select one of two apportionment formulae; either the standard sales factor formula (the property factor plus the payroll factor plus two times the sales factor with a denominator of four) or the enhanced sales factor formula (two times the property factor plus two times the payroll factor plus six times the sales factor with a denominator of ten). In exchange for electing to use the enhanced sales factor formula, taxpayers agree to disclosure of their name to the Joint Legislative Budget Committee, and to participate in an economic impact study. Check the box on the appropriate form.

NEW CREDIT FOR INSTALLING WATER CONSERVATION SYSTEM PLUMBING STUB OUTS - Corporations, corporate partners of a partnership, and S corporations may qualify for this credit if they build a home or dwelling unit and include a plumbing stub out for a water conservation system. Precertification by the Department of Revenue is required. Use Form 337 to figure this credit.

CHANGE IN AMENDED RETURN REQUIREMENTS FOR CORPORATIONS WHO FILE FEDERAL AMENDED RETURNS - Taxpayers are no longer required to file an amended return to the department until it has been finalized by the Internal Revenue Service. This statutory change is effective for federal amended returns filed from and after December 31, 2006.

CHANGES MADE TO CREDIT FOR MOTION PICTURE PRODUCTION COSTS - This credit is available to motion picture production companies that produce motion pictures, commercials, or music videos completely or partially in Arizona. Pre-approval and post-approval are required by the Department of Commerce. Use Form 334 to figure this credit.

CHANGES MADE TO SOLAR ENERGY CREDIT - This credit is available to taxpayers that install solar energy devices for commercial, industrial, or any other nonresidential purpose in the taxpayer's trade or business located in Arizona. It may be transferred by the taxpayer or an exempt organization. It may be transferred to a third party who either financed, installed, or manufactured the device. Use Form 336 to figure this credit. Form 336 is also used to transfer the credit to the qualified third party. HB 2491 (2007) is retroactive to taxable years beginning from and after December 31, 2005.

CARRYOVER OF NEIGHBORHOOD ELECTRIC VEHICLE (NEV) CREDIT EXPIRED - For taxable years beginning from and after December 31, 2006, this credit carryover is no longer available. As a result, Form 328 has been discontinued.